

104TH CONGRESS
2D SESSION

S. 2149

To establish a program to provide health insurance for workers changing jobs.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 27, 1996

Mr. KENNEDY (for himself and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To establish a program to provide health insurance for workers changing jobs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Transitional Health
5 Insurance for Workers Changing Jobs Act of 1996”.

6 **SEC. 2. HEALTH INSURANCE FOR WORKERS CHANGING**
7 **JOBS.**

8 The Public Health Service Act (42 U.S.C. 201 et
9 seq.) is amended by adding at the end thereof the follow-
10 ing new title:

1 **“TITLE XXVIII—HEALTH INSUR-**
2 **ANCE FOR WORKERS CHANG-**
3 **ING JOBS**

4 **“SEC. 2801. ESTABLISHMENT OF PROGRAM; APPROPRIA-**
5 **TIONS.**

6 “(a) ESTABLISHMENT OF PROGRAM.—

7 “(1) IN GENERAL.—The Secretary of Labor
8 and the Secretary of Health and Human Services
9 shall establish a joint program to award grants to
10 States to enable such States to provide temporary
11 health insurance premium assistance for eligible in-
12 dividuals and their families in accordance with this
13 title.

14 “(2) FEDERAL OPERATION.—In the case of a
15 State that, for a fiscal year—

16 “(A) declines to participate in the program
17 under this title; or

18 “(B) does not have in effect a State plan
19 approved by the Secretaries under section 2802,
20 the Secretaries shall operate (either directly or by
21 contract) a health insurance program under this title
22 in such State for such fiscal year, using the funds
23 allotted to the State pursuant to section 2805(b).

24 “(b) APPROPRIATIONS.—

1 “(1) IN GENERAL.—There are authorized to be
2 appropriated, and there are appropriated, for fiscal
3 year 1998 to carry out this title, \$2,000,000,000.

4 “(2) SUBSEQUENT FISCAL YEARS.—There are
5 authorized to be appropriated, and there are appro-
6 priated, to carry out this title for fiscal year 1999
7 and for each subsequent fiscal year, \$2,000,000,000,
8 adjusted to reflect—

9 “(A) the projected increase (if any) in the
10 average number of unemployment compensation
11 recipients for such fiscal year as compared to
12 the prior fiscal year; and

13 “(B) the average annual increase in health
14 insurance premiums for the fiscal year preced-
15 ing the fiscal year involved (as determined by
16 the Secretary of Health and Human Services).

17 “(3) EXCESS APPROPRIATIONS.—

18 “(A) AMOUNT AVAILABLE.—Amounts ap-
19 propriated for a fiscal year under paragraph (2)
20 that remain available at the end of such fiscal
21 year shall remain available for expenditure
22 under this title in any subsequent fiscal year.

23 “(B) UNUSED ALLOTMENTS.—The amount
24 of any allotment made to a State under section
25 2805 that the State determines will not be used

1 by the State in the fiscal year for which the al-
 2 lotment was made shall be made available and
 3 used in accordance with subparagraph (A).

4 “(4) PROJECTED INCREASE (IF ANY) IN THE
 5 AVERAGE NUMBER OF UNEMPLOYMENT COMPENSA-
 6 TION RECIPIENTS.—As used in this subsection, the
 7 term ‘projected increase (if any) in the average num-
 8 ber of unemployment compensation recipients’
 9 means, with respect to a fiscal year, a percentage in-
 10 crease (if any) equal to—

11 “(i)(I) the average number of individ-
 12 uals receiving unemployment compensation
 13 in the 12-month period ending on June 30
 14 of the fiscal year preceding the fiscal year
 15 for which such determination is being
 16 made; less

17 “(II) the average number of individ-
 18 uals receiving unemployment compensation
 19 in the 12-month period ending June 30,
 20 1996, as determined by the Secretary of
 21 Labor; divided by

22 “(ii) the average number of individ-
 23 uals receiving unemployment compensation
 24 in the 12-month period ending June 30,

1 1996, as determined by the Secretary of
2 Labor.

3 “(c) AVAILABILITY OF FUNDS.—Funds appropriated
4 under this section shall remain available until expended.

5 **“SEC. 2802. STATE PLAN.**

6 “(a) IN GENERAL.—To be eligible to receive a grant
7 under this title, a State shall prepare and submit to the
8 Secretaries a State plan that contains the following:

9 “(1) PLAN SUMMARY.—A description of the
10 program the State will conduct under the plan.

11 “(2) USE OF FUNDS.—An assurance that funds
12 received by the State under this title for a fiscal year
13 will be used only—

14 “(A) to provide premium assistance pay-
15 ments; and

16 “(B) to pay administrative costs that do
17 not exceed 5 percent of the amount of the allot-
18 ment of the State for the fiscal year (or such
19 greater percentage, not to exceed 10 percent, as
20 the Secretaries may approve).

21 “(3) COMMITMENT TO PROVIDE REQUIRED COV-
22 ERAGE.—An assurance that the State will use
23 amounts received under the grant to provide tem-
24 porary health insurance premium assistance, in ac-
25 cordance with section 2803, to all eligible individuals

1 and their eligible family members (as determined
2 under section 2804).

3 “(4) METHODOLOGY FOR DETERMINATION OF
4 ELIGIBILITY.—A description of the mechanism to be
5 used, in accordance with any standards the Secretar-
6 ies may set, to determine income eligibility of indi-
7 viduals for premium assistance under the State pro-
8 gram.

9 “(5) COVERAGE FORMULA.—A statement of the
10 monthly amount (or the formula to be used to deter-
11 mine the monthly amount) of payments to be made
12 under the plan to or on behalf of eligible individuals
13 and eligible family members.

14 “(6) COVERAGE REDUCTION METHOD.—A
15 statement of the method to be used, in accordance
16 with section 2803(c), to adjust the duration or
17 amount of payments under the State plan in the
18 event that the allotment of the State for the fiscal
19 year involved is insufficient to cover program costs
20 specified in paragraph (2) for such fiscal year.

21 “(7) NOTICES TO ELIGIBLE INDIVIDUALS.—An
22 assurance, and a statement of the methods to be
23 used—

24 “(A) that the State will ensure that all in-
25 dividuals determined to be eligible for unem-

1 ployment compensation are informed, at the
 2 time such determination is made, of their po-
 3 tential eligibility for temporary health insurance
 4 premium assistance under the State program
 5 under this title;

6 “(B) that the State will make broadly and
 7 readily available, information concerning and
 8 applications for participation in the State pro-
 9 gram; and

10 “(C) that the State will—

11 “(i) inform eligible individuals receiv-
 12 ing premium assistance under the State
 13 program at the time eligibility is deter-
 14 mined, of the plan of the State for reduc-
 15 ing or terminating such premium assist-
 16 ance in accordance with section 2803(c);
 17 and

18 “(ii) provide notice to the individuals
 19 required under section 2803(c)(2) in the
 20 event of such a reduction or termination of
 21 such assistance.

22 “(8) RECORDS AND REPORTS.—An assurance
 23 that the State will maintain such records, collect
 24 such data, and furnish the Secretaries with reports,

1 at such times and in such format as the Secretaries
2 may require, that contain—

3 “(A) such information as may be necessary
4 to enable the Secretaries to operate and admin-
5 ister the program under this title and to mon-
6 itor State administration of the program under
7 this title;

8 “(B) such information as may be necessary
9 to enable the Secretaries to evaluate the pro-
10 gram under this title; and

11 “(C) such additional information as the
12 Secretaries may require.

13 “(b) APPROVAL OF STATE PLAN.—

14 “(1) IN GENERAL.—The Secretaries shall ap-
15 prove a State plan that meets the requirements of
16 this section.

17 “(2) 90-DAY APPROVAL DEADLINE.—A State
18 plan shall be deemed to be approved unless the Sec-
19 retary notifies the State in writing not later than 90
20 days after the receipt of the State plan under sub-
21 section (a) that the plan is disapproved (and the rea-
22 sons therefor) or that specifies that additional infor-
23 mation is needed prior to approval.

1 **“SEC. 2803. COVERAGE REQUIREMENTS AND LIMITATIONS.**

2 “(a) COVERAGE STANDARD.—Except provided in
3 subsection (c), a State, under a State program operated
4 under this title, shall provide assistance to eligible individ-
5 uals and their eligible family members in the State to en-
6 able such individuals and family members to obtain health
7 benefit coverage through the payment of all or part of the
8 cost of—

9 “(1) premiums relating to COBRA continuation
10 coverage obtained from the prior employer of the eli-
11 gible individual; or

12 “(2) in the case of an eligible individual who is
13 not eligible for COBRA continuation coverage as de-
14 scribed in paragraph (1), premiums relating to—

15 “(A) health benefit coverage that is
16 actuarially equivalent to (or, at the option of the
17 eligible individual, less than) the coverage pro-
18 vided under the Federal Employees Health
19 Benefit Program Blue Cross/Blue Shield stand-
20 ard option plan; or

21 “(B) any alternative coverage subject to
22 the approval of the Secretaries.

23 “(b) INDIVIDUAL PREMIUM ASSISTANCE.—

24 “(1) IN GENERAL.—Under a State program
25 under this title, a State may provide a monthly pre-
26 mium assistance payment to, or on behalf of, eligible

1 individuals and their eligible family members in the
2 State.

3 “(2) AMOUNT.—Subject to paragraph (3) and
4 subsection (c), the amount of a monthly premium
5 assistance payment under this title with respect to
6 an eligible individual shall be equal to the following
7 percentage of the monthly premium to be paid by
8 the individual for health benefit coverage for such
9 individual in accordance with subsection (a):

10 “(A) 100 percent of such premium, if the
11 combined family income of such individual does
12 not exceed $\frac{1}{12}$ of the annual Federal poverty
13 income guidelines for the month involved.

14 “(B) If such combined family income for
15 the month involved is greater than 100 percent
16 but less than 240 percent of $\frac{1}{12}$ of the annual
17 Federal poverty income guidelines, the percent-
18 age determined under this subparagraph shall
19 be equal to—

20 “(i) 140 less the number of percent-
21 age points by which the combined family
22 income of the individual for the month in-
23 volved exceeds $\frac{1}{12}$ of the annual Federal
24 poverty income guidelines; divided by

25 “(ii) 140.

1 “(3) ADJUSTMENT BASED ON ACTUARIAL
2 VALUE.—If an eligible individual elects to use assist-
3 ance provided under a State program for the cost of
4 premiums relating to health benefit coverage (not
5 provided through COBRA continuation coverage)
6 that has an actuarial value that is greater than that
7 described in subsection (a)(2)(A), the percentage of
8 the monthly premium assistance payment under this
9 subsection shall be reduced to reflect the percentage
10 by which the actuarial value of the coverage exceeds
11 the actuarial value described in such subsection
12 (a)(2)(A).

13 “(4) DURATION.—Premium assistance shall not
14 be provided with respect to an eligible individual
15 under a State program under this title for more
16 than 6 months during each period of unemployment.

17 “(c) OPTIONS WHEN STATE ALLOTMENT INSUFFI-
18 CIENT.—If a State demonstrates to the satisfaction of the
19 Secretaries that the State reasonably expects to be re-
20 quired to expend more than the amount of the State allot-
21 ment for the fiscal year involved under section 2805 to
22 meet the program costs of the State (as specified in sec-
23 tion 2802(a)(2)) under the State plan in effect for such
24 fiscal year, the State, to the extent necessary to ensure

1 that State resources under the program are commensurate
 2 with State obligations, may—

3 “(1) request an additional allotment from the
 4 Secretaries; or

5 “(2) after providing 30 days advance notice to
 6 covered eligible individuals (and, in the case of the
 7 option under subparagraph (B), to the Secretar-
 8 ies)—

9 “(A) reduce the duration or extent of pre-
 10 mium assistance under the program for the fis-
 11 cal year; or

12 “(B) cease payments under the program
 13 for the balance of such fiscal year.

14 **“SEC. 2804. INDIVIDUAL ELIGIBILITY.**

15 “(a) ELIGIBILITY CRITERIA.—

16 “(1) ELIGIBLE INDIVIDUAL.—An individual
 17 shall be an “eligible individual” for purposes of a
 18 State plan under this title if, on the date on which
 19 an application is submitted by the individual for as-
 20 sistance under this title—

21 “(A) the individual—

22 “(i) resides in the State;

23 “(ii) received unemployment com-
 24 pensation for at least one week in the

1 month previous to the month for which the
2 determination of eligibility is being made;

3 “(iii) received health benefits coverage
4 (as defined by the Secretary of Health and
5 Human Services) through employment for
6 at least the last six months during which
7 such individual was employed; and

8 “(iv) is ineligible for assistance under
9 title XIX of the Social Security Act (other
10 than payments for COBRA continuation
11 coverage under section 1902(a)(10)(F) of
12 such Act) or title XVIII of such Act;

13 “(B) the combined family income of the in-
14 dividual is less than 240 percent of $\frac{1}{12}$ of the
15 annual Federal poverty income guidelines for
16 the month in which the application is made;
17 and

18 “(C) the employed spouse of the individual,
19 if any is not eligible for employer-provided fam-
20 ily health insurance coverage or such employer
21 contributes less than 50 percent of the premium
22 for such family coverage.

23 “(2) ELIGIBLE FAMILY MEMBER.—As used in
24 this title, the term “eligible family member” means
25 the spouse or dependent child of an eligible individ-

1 ual who is ineligible for assistance under title XIX
 2 of the Social Security Act Medicaid (other than pay-
 3 ments for COBRA continuation coverage under sec-
 4 tion 1902(a)(10)(F) of such Act) or title XVIII of
 5 such Act.

6 “(b) ELIGIBILITY DETERMINATIONS.—A State shall,
 7 in accordance with this section and any implementing reg-
 8 ulations the Secretaries may prescribe, conduct, either di-
 9 rectly or by contract, monthly determinations as to the
 10 eligibility of individuals for assistance under the State
 11 plan under this title.

12 **“SEC. 2805. ALLOTMENTS TO STATES.**

13 “(a) IN GENERAL.—Of the amounts appropriated for
 14 each fiscal year the Secretaries shall allot 25 percent for
 15 each quarter among all States (including States for which
 16 the Secretaries operates a State program under section
 17 2801(a)(2)). With respect to a State with an application
 18 approved under section 2803(c)(1), such allotment shall
 19 be made on the basis of the unemployment percentage for-
 20 mula described in subsection (b) as applied to the measur-
 21 ing period described in subsection (c) for such quarter,
 22 together with such additional funds as may be approved
 23 for allotment by the Secretaries based on the application
 24 of a State under section 2803(c)(1). With respect to a
 25 State for which the Secretaries will operate the State pro-

1 gram under section 2801(a)(2), the Secretaries shall de-
2 termine the allotment necessary for such State.

3 “(b) UNEMPLOYMENT PERCENTAGE FORMULA.—

4 “(1) IN GENERAL.—For purposes of each quar-
5 terly allotment under subsection (a), the share of a
6 State shall be equal to an amount bearing the same
7 ratio to the amount to be allotted for such quarter
8 as the number of unemployed individuals in the
9 State who collected unemployment compensation
10 benefits during such quarter bears to the number of
11 such individuals in all States (as determined on the
12 basis of data provided by the Bureau of Labor Sta-
13 tistics on the average unemployment compensation
14 claims in the States for the measuring period con-
15 cerned). Such ratio shall be adjusted for each State
16 to reflect the average per capita premium payment
17 amount in each State.

18 “(2) ADDITIONAL ALLOTMENT.—The Secretar-
19 ies shall use amounts available for the fiscal year in-
20 volved under section 2801(b)(3) and remaining after
21 allotments under paragraph (1) to make additional
22 allotments to States submitting applications under
23 section 2803(c)(1).

1 “(c) MEASURING PERIODS.—For purposes of the al-
 2 lotment under subsection (a), the measuring periods are
 3 the 12 months ending in—

4 “(1) with respect to the first quarter, June of
 5 the preceding fiscal year;

6 “(2) with respect to the second quarter, Sep-
 7 tember of the preceding fiscal year;

8 “(3) with respect to the third quarter, Decem-
 9 ber of such fiscal year; and

10 “(4) with respect to the fourth quarter, March
 11 of such fiscal year.

12 **“SEC. 2806. PAYMENTS TO STATES.**

13 “(a) IN GENERAL.—The Secretaries shall make
 14 quarterly payments to each State with a plan approved
 15 under section 2802 in an amount equal to the allotment
 16 for the State under section 2805 for such quarter.

17 “(b) PAYMENT ADJUSTMENTS.—Payments to a State
 18 under subsection (a) shall be reduced as necessary to re-
 19 coup payments for the current or any prior fiscal year not
 20 expended by the State in accordance with this title.

21 **“SEC. 2807. REGULATIONS.**

22 “‘The Secretaries (in consultation, as appropriate,
 23 with the Secretary of Labor and the Secretary of the
 24 Treasury) is authorized to promulgate such regulations as
 25 may be necessary to carry out the program under this

1 title. The Secretaries may promulgate any interim final
 2 rules as the Secretaries determine are appropriate to carry
 3 out this title.

4 **“SEC. 2808. AUDITS.**

5 “The Secretaries and the Comptroller General of the
 6 United States or any of their duly authorized representa-
 7 tives shall have access for the purpose of audit and exam-
 8 ination to any books, documents, papers, and records that
 9 are pertinent to a grant received under this title.

10 **“SEC. 2809. DEFINITIONS.**

11 “In this title:

12 “(1) BLUE CROSS/BLUE SHIELD STANDARD OP-
 13 TION PLAN.—The term ‘Blue Cross/Blue Shield
 14 standard option plan’ means, with respect to a pro-
 15 gram under this title in a State, such plan as is
 16 available through the Federal Employees Health
 17 Benefit Program.

18 “(2) COBRA CONTINUATION COVERAGE.—The
 19 term ‘COBRA continuation coverage’ means tempo-
 20 rarily extended coverage of employment-related
 21 health benefits for an individual after termination of
 22 employment, in accordance with part 6 of subtitle B
 23 of title I of the Employee Retirement Income Secu-
 24 rity Act of 1974 (29 U.S.C. 1161 et seq.), title XXII
 25 of the Public Health Service Act (42 U.S.C. 300bb–

1 1 et seq.), or section 4980B of the Internal Revenue
 2 Code of 1986.

3 “(3) FEDERAL POVERTY INCOME GUIDE-
 4 LINES.—The term ‘Federal poverty income guide-
 5 lines’ means the poverty guidelines updated annually
 6 in the Federal Register by the Department of
 7 Health and Human Services under the authority of
 8 section 673(2) of the Omnibus Reconciliation Act of
 9 1981 (42 U.S.C. 9902(2)).

10 “(4) PREMIUM ASSISTANCE.—The term ‘pre-
 11 mium assistance’ means the amount paid to or on
 12 behalf of an eligible individual and eligible family
 13 members, if any, under the program under this title
 14 for the purchase of health insurance coverage.

15 “(5) SECRETARIES.—The term ‘Secretaries’
 16 means the Secretary of Health and Human Services
 17 and the Secretary of Labor.

18 “(6) STATE.—The term ‘State’ means each of
 19 the several States, the District of Columbia, and the
 20 Commonwealth of Puerto Rico.

21 “(7) UNEMPLOYMENT COMPENSATION.—The
 22 term ‘unemployment compensation’ has the meaning
 23 given that term in section 85(b) of the Internal Rev-
 24 enue Code of 1986.”.

1 **SEC. 3. SENSE OF THE COMMITTEE REGARDING FINANC-**
2 **ING.**

3 It is the sense of the Committee on Labor and
4 Human Resources of the Senate that the joint program
5 established under title XXVIII of the Public Health Serv-
6 ice Act (as added by section 2) should be financed in a
7 budget neutral manner by offsetting revenues derived from
8 eliminating undeserved corporate tax breaks, especially
9 tax breaks that encourage American corporations to move
10 jobs overseas and that reward book-keeping transactions
11 that artificially place corporate income overseas for tax
12 purposes.

○